

CAN MNCS SOLVE FOOD PROBLEM IN INDIA?

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ABSTRACT

Increasing population in India requires huge quantity of food items for its people. Production and marketing of food items thus require very organized effort by professionals and experts without which country will face severe food shortage in future. MNCs who are professional and expert in this field have technological edge, almost unlimited resources, financial power and excellent organizing capability and can be instrumental in solving food problem in India.

INTRODUCTION

India has population count of about 1.3 billion people, which makes it second in the list of countries with largest number of people just behind China. Population of India is increasing at a rate faster than China and the day is not far when India will overtake China in population count. Increasing population may be a big problem for India but for MNCs it is a big opportunity because this means that requirement of basic thing like food, water, pure air, shelter, clothing, etc. is also increasing and to make these available to people throughout country, large infrastructure and different type of services are required which provides unlimited opportunity for MNCs for increasing their business activity. Production and marketing of food items in a country like India is a gigantic task as India is a vast country having different types of terrain such as plains, rocky hills, high mountains covered with snow, deserts, thick forests and seashores. There is plenty of water in number of rivers flowing in every corner of country providing unlimited source of pure water in almost all regions of India throughout year. There is plenty of mineral wealth hidden inside its land and just name any metal and its raw material is available in huge quantity. Presently just few percent of mineral wealth have been exploited and huge quantity of resources is still untapped. It is said that mountain range of Himalaya has such a huge quantity of mineral resources still unknown that even fraction of that resources if exploited can change fortune of country.

Mineral wealth exploitation means that it helps in building infrastructure, making vehicles for transportation, making equipment for production and distribution of electricity and many other development activities which are related to food production and marketing. Thick forests at many places ensures that country of billion people have enough pure air for various purposes. Most of the land is fertile and produces food and other products almost sufficient for billions of people. Therefore, we can say that country has plenty of fertile land, rich in natural resources to support

AIM AND OBJECTIVE

To analyze the factors which are in favour and against the entry of multinational companies in agriculture management sector and whether by this efforts MNCs will be able to solve food problem in India which appears imminent in near future due to increasing population and decreasing land for cultivation.

PRESENT SCENARIO

Now with time, population is increasing and thus users of this water, mineral and other resources are increasing. In last 50 years or so population of India has increased many-fold and so has business and other activities but land area has remained the same. Availability of land, food, water and all resources per person has decreased very sharply due to more and more people adding to population count every minute and due to manifold increase in business and other activities thus also putting substantial pressure on countries resources. Increase in population day by day is neutralizing all development efforts and is putting lot of burden on resources, which are exhausting at an alarming rate and increasing air and water pollution besides degrading land. This has even put a question mark on process of so-called development. Water, air and food, are the necessity of people and its less availability can result in a very serious situation inside country.

RESOURCES AVAILABLE

Pure water is provided by nature and we can provide sufficient water to all by saving, conserving, minimizing waste, and utilize it intelligently where required. Air pollution can be minimized by controlling industrial pollution, encouraging people to use mass transport system instead of personal car and many such efforts that will ensure minimum pollution of air and thus increase availability of pure air.

Food is needed by every living being on this earth and in case of human being food of different variety is required and that also in huge quantity. Food availability in India depends on various factors. Important factors being

1. Land availability
2. Availability of Water
3. Labour for farming
4. Various tools
5. Various techniques
6. Seed

7. Fertilizers and pesticides
8. Harvesting techniques
9. Storing techniques

10. Transportation to market

11. Selling techniques

ROLE OF MNC'S ANTICIPATED

How MNCs can help? MNCs can be of great help in providing more and more income to farmers, labours and other people engaged in production and marketing of food items. It will also increase food availability for people by using latest technology and there better organizing capability thus stabilizing price of various food articles and help in controlling inflation, which is the biggest worry for any Government. Besides this, MNCs will stimulate economic activities in the country in a big way creating many new business opportunities and adding a good amount to GDP due to increase in production of food items. Government wants FDI and so to attract more and more FDI, government will have to improve infrastructure because by improving infrastructure FDI will increase and by not improving it FDI will decrease and even foreign investor may pull out their money thus creating panic situation in country. So it clearly means that lot of infrastructure building will happen in the form of building of storage space, good quality road and better transportation system, railway network expansion, expansion of airfreight system, shipping transport expansion and many other development to be used related to food production and marketing.

Land availability - Farmers today have small pieces of land and these results in large portion of land being used for making border fence and remain unutilized. This decreases land availability to a great extent and it is estimated that around 2 to 5 % of fertile land all over country remains unutilized just due to this factor. There are other factors also which contributes to this decrease of land availability. MNCs can help in utilizing this unutilized portion of land by promoting use of large farms for farming instead of many small pieces of land.

Availability of Water - Availability of water is an important issue which farmers cannot control as most of them are dependent on rains, canals, ground water and more than that they require huge quantity of water per acre. MNCs can help farmers by providing support to them in the form of technological support and financial support in the form of credit to them for using better irrigation techniques which requires low quantity of water per acre and help to overcome this issue.

Labour for farming - When an unskilled labour works in small farms, labour earns less and more and more labour hours are required for a job which adds to farming expense. MNCs can provide solutions to farmers about minimizing labour hours substantially for same amount of job by helping farmers in organizing activities of labour in a better way by which farmers and labours can get more income.

Various tools & techniques - Indian farmers do not use latest equipments, tools and technique which are costly but help in achieving higher production. MNCs can help farmers in using these and increase production substantially.

Seed - Seed quality is important in getting good quality and quantity of production. MNCs spend billions of dollars just for R&D of seeds and other farm related products and thus can provide best quality of seeds and other farm related products for better quality and higher quantity of food grains. Already we have seen introduction of BT cotton seeds in India by **Mahyco Monsanto Biotech (India) Limited** which has seen lot of increase in production and farmers are getting better returns

Fertilizer and pesticides – Fertilizer and pesticides plants in India are producing fertilizer and pesticides at a cost higher than what MNCs are capable of producing. Even distribution cost of fertilizers and pesticides is also high whereas MNCs can produce better quality fertilizers and pesticides at less cost and distribute it all over country at a very low price due to the very efficient distribution network and can get major cost advantage.

Harvesting techniques - Most farmers in India use traditional methods using their hands to harvest which results in lots of grains going waste. They do not have funds to buy latest machines for harvesting which are costly. These machines are available in market these days which gives excellent results and minimize loss to almost zero percent. MNCs can financially help farmers in using these machines which results in very less loss and production increases.

Storing techniques – Storing the available food grains properly is the most challenging task in farming and as food articles are perishable so it is very important that proper storing techniques are used. In India due to lack of funds, most of the farmers are unable to use good storage facility for their produce and even other agencies engaged in business of storing do not employ good techniques and in many cases food articles are kept in open due to lack of space for storage which results in rotting of food grains and loss due to food grains eaten up by rats. Millions of tons of food grains are lost due to this.

MNCs can play a vital roll in saving food items due to this cause. They can employ there latest storage techniques and capability very efficiently thus saving major portion of loss due to these cause. They have huge amount of funds which they can utilize for building cold storage and other storage facility of international standard thus saving a lot of food grain.

Transportation of food grains to market – This is also a major cost for farmers but MNCs can collect food-items right from the gate of farmers and transportation to markets takes place through their own network and thus a major cost saving.

Selling techniques – Many Indian farmers usually sell their produce to wholesaler or some agency, near to their village, who do not pay much and thus farmer are always at a loss. MNCs on other hand can buy produce of farmers and pay them a good price compared to other agencies. As they are master in art of selling so they can sell there produce at any place wherever they get the best price.

ACTIVITIES OF MNC'S IN THIS FIELD IN PRESENTLY

Now a very important point that must be emphasized here is that already in some states of India where MNCs are operating, they provide every possible help to farmers like seeds, fertilizers, money as credit and any other possible help to farmers. They even make attractive buyback agreement with farmers to buy all their produce at the time even before starting of sowing of seeds thus giving a big boost to farmers and they are encouraged to produce more and more. PepsiCo and Wal-Mart have already helped farmers in this way. In a place called Haider Nagar in north India Wal-Mart helped farmers in many ways like use of low-tech and cheap innovations resulting in more quantity of produce, payment of 5 to 10% more than the price they usually get, collecting food-items right from there gate and similar efforts. Farmers are more than happy with this effort thus proving a point that MNCs &TNCs can help farmers in India in a big way. Another big Indian company ITC Limited has set up e-choupal kiosks in number of villages in India with an aim to provide technological and other support for farmers. This enables farmers to get information in their language on the weather, market price, knowledge on latest farm practices & management, facilitate the sale of farm inputs and purchase farm produce from the farmers at their doorsteps.

When population in India was low, whatever amount of food grains was produced proved sufficient for country. Presently also many farmers use same traditional methods and are satisfied with whatever they are producing. They do believe that there might be food shortage in India in future but do not believe that food production can be increased substantially by using technologically superior methods. Point here is that these technologically superior methods are costly to implement and can give excellent results but Indian farmers do not have funds to use these costly methods so they just avoid it. With population increasing day by day, normal production will not be sufficient in future and production will require accelerated growth which cannot be achieved without using these techniques. MNCs have financial, technological capability and almost unlimited resources besides excellent organizing capabilities to achieve this target. Already we have seen above that in India food items worth more than Rupee 1 trillion get wasted annually. If MNCs are able to prevent this wastage and can increase production by or 2 times than there will be so much production that India will be a food surplus country and a big exporter of food items thus earning precious foreign exchange for the country.

Problem in India is more of mismanagement rather than anything else. But now mismanagement will only lead to chaos due to shortage of food grains, production loss, wastage and rotting and only well organized effort can be an accelerator of growth. So situation has reached a point where it appears that from now onwards if professionals are not called immediately then it will be too late. It's just like a fire incident in which non professional people are engaged in fire fighting and at a point they feel that they are unable to fight and if professional firefighters are not called to douse that fire, fire will expand exponentially and will destroy everything. Food situation has reached to the same point and now if professionals are not called it will be too late. MNCs are masters in their field due to technological edge, almost unlimited resource and excellent organizing capability. Food management in India now needs a very well organized effort which can only be done by professionals in this field. Big names like Wal-Mart (Turnover- \$180Bn, 8500 stores worldwide, 2.1 million employees), Carrefour (Turnover- \$77Bn, 15000 Stores worldwide, 471755 Employees), Tesco and other big MNCs in this field are already working in many countries successfully and have positively contributing to the countries wherever they are operating. Even big companies from India like Reliance, ITC, HUL and Big Bazaar etc. are actively participating in this process and are quite capable of taking this challenge.

SHOULD MNC'S BE GIVEN OPPURTUNITY TO MANAGE THIS CHALLENGE

Managing food items in India is a challenge and if opened up completely for MNCs it will be biggest opportunity ever for MNCs.

Points in favour of opening up are that MNCs can manage this challenge very well. Number of new jobs will be created and country will earn precious foreign exchange. Farmers and labours will benefit as they will be paid well and people will not face any shortage of any food items and imports will decrease thus putting less burden on exchequer. Inflation and prices will stabilize. All resources will be utilized well saving precious natural and other resources. Wastage and rotting of food items will be minimized so that availability will increase for these items. Besides this there are many other positives.

Point against entry of MNCs are that if they work with good intention then certainly quality of life for people will improve and country will benefit but if their intention changes to imperialistic way then people will suffer as it is well known that once MNCs enters a country and establishes themselves, in order to expand, they get rules made in their favour of them by influencing rule making authority. Governments initially have control over them but once they become powerful they sometimes get out of control of government and can play havoc for country in which they are operating. In some countries past record shows that even all political affairs of country were completely taken over by MNCs and ruled by them.

CONCLUSION

Taking all the facts given above it is clear that to solve food problem in India, only experts and professionals are required to manage food management and situation will worsen if experts and professionals are not given opportunity to manage. MNCs in this field who are also the masters in their field and true professionals with proven result can help solve food problem in India.

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